



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Chase Alan Moore
2842 Belair Place, N.E.
Washington, D.C. 20018

DEC 11 2009

RE: MUR 6110
Square Root Sales

Dear Mr. Moore:

On November 3, 2008, the Federal Election Commission notified Square Root Sales of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was forwarded to you at that time.

Upon further review of the allegations contained in the complaint and information supplied by you, the Commission, on November 17, 2009, voted to dismiss the allegation that Square Root Sales violated 2 U.S.C. 441b(a) and closed the file in this matter. The Factual and Legal Analysis, which more fully explains the Commission's decision, is enclosed for your information.

Documents related to the case will be placed on the public record within 30 days. See Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files, 68 Fed. Reg. 70,426 (Dec. 18, 2003).

If you have any questions, please contact Michael Columbo, the attorney assigned to this matter, at (202) 694-1650.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Allen".

Mark Allen
Assistant General Counsel

Enclosure
Factual and Legal Analysis

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Square Root Sales

MUR 6110

I. GENERATION OF MATTER

This matter was generated by a complaint filed with the Federal Election Commission by Robert J. Kabel, on behalf of the District of Columbia Republican Committee. *See* 2 U.S.C. § 437g(a)(1).

II. INTRODUCTION

The complaint alleges that Square Root Sales was one of three corporations (together, "Businesses") that sponsored a fundraising event on September 28, 2008 called the "Concert for Change" that was allegedly held by Obama for America ("OFA"), the principal campaign committee of Barack Obama for his 2008 presidential campaign, the Democratic National Committee ("DNC"), and the Obama Victory Fund ("OVF"), a joint fundraising committee that disburses its proceeds to the DNC and OFA (together "Committees"). The Concert for Change (the "Concert") was held at the Atlas Theater in Washington, D.C., and, according to one of the Concert's web pages, it raised \$13,500 in contributions. The complaint alleged that the Businesses that sponsored the Concert made prohibited corporate contributions in violation of 2 U.S.C. § 441b(a) or facilitated contributions in violation of 11 C.F.R. § 114.2(f)(1). *See* Complaint at 3-4.

As discussed in greater detail below, it appears that the Businesses, which were identified in some of the Concert's promotional materials as "sponsors" of the Concert, did not use their general treasury funds to pay the costs of the Concert. Rather, individuals affiliated with the Businesses used their personal funds to pay the costs of the Concert.

Consequently, the Commission dismisses the allegation that that Square Root Sales violated the Act by making prohibited corporate contributions in connection with the Concert.

III. FACTUAL SUMMARY

According to the complaint, unknown individuals promoted the "Concert for Change" by distributing flyers and signs near the Eastern Market Metro in Washington, D.C., and by establishing web pages that solicited contributions on the OFA and DNC websites. Some of the Concert's promotional materials, which were attached to the complaint, state that the Businesses were "in-kind sponsors" of the Concert.

The Concert's unknown organizer(s) rented the Lang Theater, a space within the Atlas Theater at 1338 H Street, N.E., in Washington, D.C., that normally rents for \$6,000, and arranged for singer Steve Washington and the "Doug Elliot Orchestra" to perform. According to the Concert's promotional materials, the event included a cash bar and valet parking. The theater also normally requires event organizers to hire security guards and pay insurance. Sound equipment is not included in the cost of the theater and may also have been an additional expense. According to its website, www.aconcertforchange.org, the event's organizers were able to raise \$13,500, mostly through ticket sales at the theater. The available information does not indicate whether or how the theater box office collected the required contributor information and forwarded the contributions to OVF (or OFA or DNC).

A. Concert for Change Sign

The complaint alleged that the Concert's organizer(s) distributed flyers and posted signs for the Concert in the Eastern Market area of Washington, D.C. Complaint at 3. A sign, submitted as an attachment to the complaint, describes the Concert as a "concert-cabaret fundraiser for The Obama Campaign" and provides a website address, www.aconcertforchange.org. The sign also states, below the official logo and web address of the Obama campaign (OFA), "FUNDRAISER." The image of the OFA logo is of poor quality, however, as if it was a copy enlarged many times. Near the bottom of that panel, it states "Many thanks to our individual in-kind contributors (sponsors) affiliated with the following organizations" above the names of five people and the names and logos of the Businesses. The first name is that of Chase Alan Moore along with the name and logo of "Square Root Sales" with text which states "real estate marketing, sales, and management." The second set of names, Lisa Williams, Cher Castillo Freeman, and James Williams, is printed above the name and logo of Senate Realty Corporation. The final name and logo combination is that of Anthony Washington and M&A Development.

B. Obama For America Website

The Concert's sign includes a website address for the Concert, www.aconcertforchange.org. That web address redirects visitors to a Concert webpage on the My Barack Obama ("MyBO") section of the OFA website. The MyBO section of the OFA

1 website encouraged and enabled Obama's supporters to create accounts, solicit votes and
2 contributions, and organize events.¹

3 At the top of the Concert's page on MyBO, there is a graphic that includes the portion of
4 the Concert's sign that depicts the singer, states that it is a fundraiser for the "Obama Campaign,"
5 and lists the names and corporate logos of M&A Development, Senate Realty, and Square Root
6 Sales under the Obama Campaign logo, Obama campaign website address, and the title
7 "Individual in-kind contributor affiliations." No individuals' names are listed with the corporate
8 names and logos in this graphic. The Concert's MyBO page also includes text that details the
9 Concert's date, location, the phone number of the theater's box office, and the cost of
10 tickets/donations. There is also a link for making contributions online that resembles a
11 thermometer indicating the degree to which the Concert's fundraising goal has been met. It
12 appears that the Concert for Change organizer(s) set a goal of \$15,000 or \$30,000 (the Concert's
13 web page inconsistently indicates both of these figures as the Concert's fundraising goal). The
14 text describing the Concert for Change states that contributions will go to OVF, that "your
15 donation is your ticket," and that the box office will have a record of "your" donation. The
16 minimum donation was \$35 although the suggested donation was \$100-500 and the maximum
17 donation was \$4,600. The page concludes with the statement "Many thanks to our generous

¹ The link from the main page of the Obama campaign website to its MyBO section states "ORGANIZE LOCALLY WITH OUR ONLINE TOOLS." An instructional video posted on the MyBO website teaches supporters how to use these tools. For example, by typing their address, supporters could obtain from OFA a list of their neighbors to contact, flyers to print and hand out, and the means to report back the results of their contacts with voters so that the campaign "can capture and use that information." Also, as the Concert's web page demonstrates, the MyBO site enabled supporters to create their own web page that solicited contributions, send email messages to their contacts, and organize their own events. The Obama supporters' organizing performance statistics (e.g., events attended, events organized, contributions raised) are recorded and displayed. For fundraising, the site enables the supporter to set a fundraising goal, email their contacts with a personal message soliciting contributions, and track the contributions they raise. The Concert's page on the MyBO site includes a title near the top of the page that states "Personal Fundraising." The MyBO site, including its fundraising section and instructional video, does not contain any warnings that contributions should not be raised using the funds or resources of sources prohibited by the Act, such as corporations, labor unions, and foreign nationals.

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1 individual in-kind contributing sponsors” and the same list of names and companies as in the
2 sign described above.

3 Consistent with the sign described above, which indicated that the Concert was a
4 fundraiser to benefit OFA, the MyBO online contribution link on the Concert’s webpage
5 includes the text, “Obama ’08,” which suggests that contributions made through the website
6 were made to OFA. However, the Concert’s web page on MyBO also states that “100% of ALL
7 donations go directly to the Obama Victory Fund,” the OFA/DNC joint fundraiser. Thus, it is
8 unclear whether the recipient of the contributions made through this web page was OFA or OVF.
9 Moreover, if the recipient was OVF, there is no joint fundraising notice on the Concert’s MyBO
10 web page or the contribution page currently connected to the contribution link on the Concert’s
11 MyBO web page.² See 11 C.F.R. § 102.17(c).

12 **C. Democratic National Committee Websites**

13 The Concert’s organizers also posted a web page on the PartyBuilder section of the DNC
14 website, www.democrats.org/page/outreach/view/total/aconcertforchange, which solicited
15 donations.³ The text of the web page states a fundraising goal of \$30,000. Like the Concert’s
16 web page on MyBO, the Concert’s web page on the DNC web site also solicited online
17 contributions. The Concert’s DNC web page, like the Concert’s poster and web page on MyBO,

² Currently, a disclaimer on the MyBO site says that it is being maintained by “Organize for America,” a project of the Democratic National Committee. The donation link on the website leads to a page stating, in part: “Our success required unprecedented resources, and the Democratic National Committee played a major role on the ground efforts that generated record turnout up and down the ticket . . . Please make a donation to the DNC to help fund the efforts it undertook in 2008.” Organize for America is the group created within the DNC after the November 2008 election to continue the grassroots organizing begun by OFA and assume control OFA’s list of 13 million email addresses. See Chris Cillizia, *Obama Announces Organizing for America* (January 17, 2009) found at <http://voices.washingtonpost.com/thefix/white-house/obama-announces-organizing-for.html>; see also Jim Rutenberg and Adam Nagourney, *Melding Obama’s Web to a YouTube Presidency* (January 25, 2009) found at <http://www.nytimes.com/2009/01/26/us/politics/26grassroots.html>.

³ Like the MyBO section of the OFA website, PartyBuilder enables DNC supporters to create and manage a “personal fundraising homepage” for “keeping track of all personal fundraising.”

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1 stated that the Concert was a “fundraiser to support THE OBAMA CAMPAIGN” (emphasis in
2 original) and bore the Obama campaign name, logo, and website address. However, the
3 Concert’s DNC web page also stated that “100% of donations go directly to the Obama Victory
4 Fund.” The Concert’s DNC web page also stated that the “individual donors will be recognized
5 by the DNC.” Thus, it is unclear whether the recipient of contributions made through this web
6 page was the DNC or OVF. Moreover, if the recipient was OVF, neither the Concert’s DNC
7 web page nor the contribution page currently connected to the link on the Concert’s web page
8 include a joint fundraising notice. *See* 11 C.F.R. § 102.17(c).

9 Like the poster and OFA MyBO web page described above, the Concert’s DNC web
10 page includes the same set of individual names and corporate names and logos below the
11 statement: “Many thanks to our generous gift-in-kind sponsors.” The page also contains a
12 graphic similar to that on the OFA MyBO web page that, in addition to stating the name of the
13 musical entertainment at the Concert and the statement that it is a “fundraiser for The Obama
14 Campaign,” lists along its right side the names and corporate logos of M&A Development,
15 Senate Realty, and Square Root Sales under the Obama Campaign logo, Obama campaign
16 website address, and the title “In-Kind Sponsors.” No individuals’ names are listed with the
17 corporate logos in this graphic. At the bottom of the webpage, it states “Copyright 1995-2008
18 DNC Services Corp.,” “Paid for by the Democratic National Committee,” the DNC address, and
19 “This communication is not authorized by any candidate or candidate’s committee.”⁴

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⁴ A separate Concert web page on the DNC PartyBuilder website similar in content to the Concert’s OFA and DNC web pages described above is found at www.democrats.org/page/event/detail/4vkfp. It largely duplicates the content of the Concert’s OFA and DNC web pages described above. The link on the page for making a contribution, in order to obtain a ticket to the Concert, directs the viewer to the Concert’s DNC website described above. This page lists Chase Moore as the host of the Concert.

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D. Square Root Sales

The Concert's promotional materials list the Businesses and affiliated individuals as "individual in-kind contribution sponsors," and one web page listed the Businesses as "In-Kind Sponsors" without the names of any individuals. One of the Businesses identified in the promotional materials is Square Root Sales.

A copy of the complaint was sent to the attention of Chase Alan Moore, who the promotional materials indicated was affiliated with "Square Root Sales" and who is also the registered agent for an entity called "Square Root, LLC." Square Root Sales Response at 1. In his response, Moore clarified that Square Root Sales is the name of a team of real estate agents at Senate Realty Corporation which was to be distinguished from Square Root, LLC, which had no connection to the Concert for Change. According to the website of Square Root Sales, Moore is the leader of the Square Root Sales team. The available information also indicates that one of the members of the Square Root Sales team is Steve Washington, the performer at the Concert.

According to Moore, neither the Square Root Sales team nor Square Root, LLC, made a contribution to the Concert. Square Root Sales Response at 1.⁵ However, Moore stated that, using personal funds, he made an in-kind contribution within the limits of the Act to support the Concert. *Id.* Although a Concert web page on the DNC Party Builder web site lists Moore as the "host" of the Concert and provides his phone number, Moore claims that he was not an organizer of the Concert, did not produce the materials or invitations that were attached to the complaint, did not have an active role in distributing the invitations, and only participated,

⁵ Chase stated in the Square Root Sales response that Square Root, LLC, "was not involved in any way with the" Concert. Square Root Sales Response at 1. However, in the next sentence, he wrote, "Square Root, LLC did make a contribution directly or in kind to the event." *Id.* Considering the clarity of the first sentence and the peculiar syntax of the second sentence, the inconsistency between these sentences appeared to be the result of a typographical error in the second sentence. The Commission contacted Moore to clarify his response and he stated that the second sentence should have stated "Square Root, LLC did not make a contribution directly or in kind to the event."

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1 without any explanation as to how he participated, because the performer (Steve Washington)
2 was a "personal friend." *Id.* at 1-2.

3 **IV. ANALYSIS**

4 Corporations are prohibited from making any contributions to candidates for federal
5 office, including facilitating the making of a contribution by using its corporate resources to
6 engage in fundraising activities in connection with any federal election. *See* 2 U.S.C. § 441b(a);
7 11 C.F.R. § 114.2(f)(1). The available information indicates that Square Root Sales is an
8 unincorporated team of real estate agents working for Senate Realty Corporation. *See* Square
9 Root Sales Response at 1. Thus, it does not appear to be a separate legal entity with its own
10 resources.

11 It is not clear from the Concert's promotional materials whether the Concert's "sponsors"
12 were the named individuals acting in their personal capacity, or were the businesses associated
13 with those individuals. For instance, the Concert's sign states "Many thanks to our *individual* in-
14 kind contributors (sponsors) affiliated with the following organizations" (emphasis added), and it
15 lists the names of individuals above their affiliated corporate logos. The Concert's MyBO web
16 page also thanks the Concert's "generous individual in-kind contribution sponsors" and lists the
17 same individual names and business names. The Concert's MyBO webpage also includes a
18 graphic that identifies the Businesses as "Individual in-kind contributor affiliations" but does not
19 list the individuals associated with the Businesses within the graphic. The clearest indication
20 that the Businesses may have made or facilitated contributions is found in the Concert's DNC
21 webpage which includes a graphic that identifies the Businesses as the Concert's "In-Kind
22 Sponsors" without any mention of individual contributors/sponsors. At the bottom of the

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1 Concert's DNC webpage, it lists both individuals and the Businesses with which they are
2 affiliated as "gift-in-kind sponsors."

3 The available information indicates that no corporate or other business entity's funds
4 were used to pay for the costs of the Concert. Rather, individuals named in the promotional
5 materials used their personal funds and volunteered in their individual capacity.⁶ A related issue,
6 however, is whether the inclusion of business entity names and logos in the Concert's
7 promotional materials constituted a contribution by those businesses.

8 Although the use of the companies' names and logos in this matter may have constituted
9 a contribution from Square Root Sales to the Committees, for the reasons set forth below, the
10 Commission dismisses the allegation that Square Root Sales violated the Act through
11 contributions made to the Committees.

12 A contribution includes anything of value made by any person for the purpose of
13 influencing a Federal election. 2 U.S.C. § 431(8)(A)(i). The term "anything of value"
14 encompasses any goods or services provided without charge or at less the usual and normal
15 charge unless otherwise specifically exempted. *See* 11 C.F.R. § 100.52(d)(1). Corporate names,
16 trademarks, and service marks can be valuable corporate resources, and corporations may invest
17 substantial resources in choosing a trademark, developing its value, and defending it. A
18 trademark is a limited property right in a "particular word, phrase or symbol." *See New Kids on*
19 *the Block v. News America Pub., Inc.*, 971 F.2d 302, 306 (9th Cir. 1992). Trade names are also
20 protected when they acquire a "secondary meaning" in that they "symbolize a particular
21 business." *Madrigal Audio Labs., Inc. v. Cello, Ltd.*, 799 F.2d 814, 822 (2d Cir. 1986).

⁶ A search of the FEC disclosure database did not reveal any disclosures by the Committees indicating that they received contributions from the individuals named in the Concert's promotional materials.

1 A corporation's name and trademark, therefore, are things of value owned by the
2 corporation. Because the Act prohibits corporations from contributing anything of value to
3 committees, or using their resources to facilitate contributions to committees, a donation by a
4 corporation of its trademark to a committee (for example, to use on a solicitation for
5 contributions to a committee or to indicate the corporation's support for a candidate) would
6 constitute an impermissible corporate contribution.

7 Accordingly, the Commission has previously considered corporate names and trademarks
8 to be things of value. In MUR 5578 (Wetterling for Congress), the complaint alleged that a
9 committee received a corporate contribution when it allegedly used a corporation's trademark
10 (America's Most Wanted) in a campaign ad. *See* MUR 5578 Complaint at 1-2. The
11 Commission approved the recommendation of the General Counsel's Office to find no reason to
12 believe that Wetterling for Congress violated the Act for several reasons, including that the
13 committee paid for all advertising expenses, the advertisement did not include or suggest a
14 corporate endorsement, and the fact that the alleged corporate logo used in the campaign ad at
15 issue was not the alleged contributing corporation's logo. *See* MUR 5578 Certification of
16 Commission's Actions on February 22, 2006; First General Counsel's Report at 4-8.

17 In Advisory Opinion 2007-10 (Reyes), the Commission concluded that a committee
18 holding a fundraising golf tournament could not give recognition to its contributors by posting
19 signs at particular holes with the contributors' names and job titles as well as the name,
20 trademark, or service mark of their employers. *See* AO 2007-10 (Reyes) at 3. The AO requestor
21 stated that its inclusion of the names, trademarks, and service marks of its contributors' corporate
22 employers was intended to encourage contributions. *Id.* at 2. The Commission concluded that
23 corporate names, trademarks, and service marks "are corporate resources" and, because neither a

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1 corporation nor its agents may use the corporation's resources to facilitate the making of
2 contributions to a federal political committee, the proposed activity would violate the Act. *Id.* at
3 2-3. In AO 2007-10 (Reyes), the Commission distinguished AO 1984-43 (Brunswick) and AO
4 1978-77 (Aspin), in which the Commission concluded that a candidate's endorsers may be
5 identified with their corporate positions in campaign-funded advertisements, noting that neither
6 involved the use of corporate resources to facilitate contributions and that both predated the
7 Commission's corporate facilitation regulations. *Id.* at 3; *see also Corporate and Labor*
8 *Organization Activity; Express Advocacy and Coordination with Candidates Explanation and*
9 *Justification*, 60 Fed. Reg. 64260, 64274-75 (Dec. 14, 1995).⁷

10 In contrast to the circumstances in *Wetterling*, the Committees did not pay for the
11 expenses associated with the Concert's promotional materials, some of the Concert's
12 promotional materials suggest a corporate endorsement, and the names and logos used in the
13 Concert's promotional materials were those of the Businesses. Although the name and logo of
14 Square Root Sales in the Concert's solicitations were things of value, the value of the name and
15 logo of this particular business is likely insubstantial, and the fundraising event was relatively
16 modest in size. The Concert raised \$13,500 and was attended by less than 200 people. Under
17 these circumstances, further use of the Commission's resources for an investigation is not
18 warranted. *See Heckler v. Chaney*, 470 U.S. 821, 831 (1985). Accordingly, the Commission

⁷ The Commission has previously considered a specific regulation applicable to the use of corporate logos when promulgating regulations in response to the Supreme Court's decision in *Federal Election Commission v. Massachusetts Citizens for Life, Inc.*, 479 U.S. 238 (1986). The Commission considered alternative drafts and ultimately was unable to reach a majority decision. *See Corporate and Labor Organization Activity; Express Advocacy and Coordination with Candidates Explanation and Justification*, 60 Fed. Reg. 64260, 64268 (December 14, 1995). Nevertheless, as discussed above, and as observed by the Commission in MUR 5578 and AO 2007-10 after the 1995 rulemaking, the use of a corporate name or logo is something of value within the meaning of 2 U.S.C. § 441b(a).

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1 dismisses the allegation that Square Root Sales contributed to the Committees in violation of
2 2 U.S.C. § 441b(a).

3 V. **CONCLUSION**

4 The Commission dismisses the allegation that Square Root Sales contributed to the
5 Committees in violation of 2 U.S.C. § 441b(a). *See Heckler v. Chaney*, 470 U.S. 821, 831
6 (1985).

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